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ABSTRACT

This paper describes the process of establishing local education foundations for the purpose of raising revenues to supplement, not supplant, existing school programs. Plans to identify funding sources and define the purpose of the foundation tied to student and academic achievement must emerge in order to solicit private individuals or groups, organize special community events requiring a fee, conduct a membership drive to enlist support and money, and seek capital from large foundations (corporations, financial institutions, and industries). Foundations should be legally incorporated entities qualifying for tax-exempt status so that donors can receive tax benefits from their gifts. The community shouldd be informed via press and media releases that clearly state the goals of the foundation. Prominent members of the community should serve as directors of the foundation, and the directors should set a clear annual agenda, subject to school board approval, that delineates the type of funds, types of donations, and types of donors in which the foundation is interested. The recruitment of financial experts to the board of directors will ensure appropriate investments. (JAM)

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ESTABLISHING A LOCAL EDUCATION FOUNDATION

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REASONS FOR CONSIDERING A LOCAL EDUCATION FOUNDATION

Public education in the United States has historically struggled for both financial and community support. This struggle continues today. There are several reasons why we continue to experience a reluctance on the part of the public to adequately fund public education. The first of these is the fact that our world is undergoing rapid social change. These changes tend to cause the public to be confused or uncertain as to what the role of education should be and what they as a public expect from education. The second reason for this constant struggle for adequate financing of our public schools may be due to the rapid explosion of technology. Neither the public nor the educators have been able to plan for or implement long-range integration of the lastest technological equipment or software into the schools. The third reason for experiencing inadequate financing of our schools is related to the general instability of the economy of our society. People do not feel secure in committing to new and additional tax burdens.

Over the past few years, the public has become much more aware and involved in the affairs of public schools. While this increased involvement has been positive in many ways, it has contributed to some general confusion and negative attitudes about the public education system. With each year, it seems the public increases its expectations of the schools.

As issues become critical in society, the public constantly changes their perception of which issues the schools should be addressing. The recent emphasis on accountability is but one example of the increased expectations of the public. The public is now demanding quantified results. This can be seen in the increasing concern with student test scores. The public has also been more vocal in demanding quality personnel and quality instruction in the schools.

Along with these demands for quality, the schools have been faced with rapid changes in technology. Public schools have found it increasingly more difficult to provide current state of the art equipment and materials. As a result, an ever broadening gap is developing between the equipment that is used to teach students in public schools and what is available for them to use in the work place. In addition, it is also difficult for the schools to compete in the marketplace for personnel with competent backgrounds in the latest technology.

Underlying these problems has been the growing inadequacy of fiscal support for public education from the federal, state, and local governments. Over the past few years the federal government has been less supportive of public education. In most cases where states have increased funding for public schools, such increases have kept programs at existing levels

in a time of inflation. With much public concern and dissatisfaction, it has also been getting more difficult for boards of education to get increased funding at the local level. This is evidenced by the large number of local referendums for capital improvement that have failed across the United States in the last few years.

It is in this setting that school districts are finding it difficult simply to maintain present services and programs. If improvements and expansions of educational programs are to occur, supplemental funds will need to be identified. Alternative funds are needed both to aid in the maintenance of existing programs and to fund new programs. There is growing interest in seeking such alternative funding for public schools. Many school districts are beginning to look for these funds from the private sector. An innovative means of gaining this needed revenue is through the local education foundation.

WHAT IS A LOCAL EDUCATION FOUNDATION?

An education foundation is a privately operated, nonprofit organization formed to assist public schools. A foundation can provide support for the entire school system beyond local, state, and federal appropriations. It raises funds to supplement, not supplant, existing programs. While developing support for public schools, foundations also direct the

community's attention and monetary resources to constructive educational projects. Although many foundations focus on raising money, not all form for that reason. Most foundations organize to support a single school district, although statewide foundations are being formed. In 1983, there were more than two hundred foundations reported to be in existence nation-wide.

Foundations require the support of private individuals or groups. Soliciting the aid of the private sector historically has been an under-utilized approach by the public school system. Private funding sources such as corporations, service groups, private individuals, civic groups and arts groups are available. Some school systems make requests of Parent-Teacher Associations to donate start-up funds to support a foundation effort. It is worthwhile to note that the 1980 Annual Report of the American Association of Fund Raising Council stated that:

> Almost 90% of all charitable giving is the result of individual contributions and bequests. Corporations and foundations accounted for only about 5% of the total. (Conroy, 1984)

Foundations raise money through various means. Some fund raising efforts involve sponsoring a series of special community events requiring a fee, conducting a membership drive to enlist support and money, and seeking endowment funding from

large foundations, corporations, financial institutions, industries, and individuals.

Foundations support a variety of programs including supplements to attract and keep master teachers, to teach students leadership and communication skills, to establish mentor programs, to provide grants to educators for additional training, and to fund pilot projects. A pattern of fund use by foundations has recently emerged. Small, rural, and suburban districts are forming foundations either to supplement the district's general fund or to save specific programs which are being cut. However, in urban districts, mini-grants for teachers are more often designated as a goal.

PLANNING AND DEVELOPING A LOCAL EDUCATION FOUNDATION

The success of a nonprofit foundation depends on the amount of planning that goes into it. Researching need areas and identifying possible funding sources should be the primary steps. The superintendent and the school board need to develop a statement that defines the purpose of the foundation and what it is to accomplish. Established foundations have designated a variety of purposes for which the funds will be used, such as the following: To acquire special materials and equipment; to supplement budgets; to show appreciation for teachers; to provide scholarships; to maintain quality of programs; to

assist less affluent areas; or to involve communities in schools. At the same time, the superintendent and the school board should be developing a list of prominent citizens who are interested in serving on a planning committee to help establish an education foundation. The planning committee should be composed of individuals who are representative of the community.

The foundation should be a legally incorporated entity, separate from the school system. This includes a separate board of directors or board of trustees. If it were not separate from the school system, the foundation would not get the maximum business and community support it needs. Because it functions apart from the board of education, the foundation can establish greater trust and confidence in the community. It becomes the responsibility of the community to develop the foundation, not the school system. This type of organization provides members of the community with a feeling of ownership in the schools.

In the early stages of planning, incorporators should begin the process of qualifying for a tax-exempt status. The formation of a legally incorporated, nonprofit group enables donors to receive tax benefits from their gifts. Legal advice is essential in this process and many foundations have found attorneys willing to donate their services. The attorney

should investigate the state and federal tax codes governing non-profit organizations. Then the necessary papers should be filed complying with Section 501 (c) (3) of the Internal Revenue Code. The attorney should also be enlisted to draft the articles of incorporation and file these with the appropriate state agency. Through the articles of incorporation, the foundation should be established to accept, hold, administer, invest, and disperse funds and properties, with all assets and earnings of the corporation being used exclusively for the public school system.

During this time, the planning committee should be involved in notifying the community of its intentions through press and media releases. Broad goals and ground rules for the foundation should be identified. Once the school board approves the planning committee's ground rules, another meeting should be called to name the board of directors. The planning committee should identify at least seven persons willing to serve as directors of the education foundation. Experience has shown that a group larger than 12 or 15 becomes inefficient for holding meetings and making decisions. Individuals selected as directors should be influential members of the community with the credibility to influence others in donating. Financial experts should be identified and enlisted to advise the

foundation in matters of investment. An attorney should be included to offer legal advice.

The first general meeting of the board of directors will include taking care of many necessary business items. Objectives for the foundation should be developed. The by-laws for the incorporated group should be discussed and direction given for an attorney to prepare these. The by-laws should clearly delineate the authority of the foundation board members and how they will work concomitantly with the school board. Election of officers should occur at the first meeting. The officers should authorize the opening of appropriate bank accounts. A fiscal year must be set. A wise recommendation is the formation of a public relations program as part of the fund raising effort. Public relations is an important aspect to consider since it is the school's image which will generate the financial support.

At the meeting, the board of directors should plan a clear agenda of what is to occur during the coming year. This agenda should include how funds will be raised, how the foundation will be administered, what the foundation is going to support for this period of time, and the process for distributing funds.

The process of raising money, the types of donations that the foundation solicits, and decisions about how the funds

will be spent are determined differently by individual foundations. Some foundations raise the money, but the school board decides how it will be spent. Conversely, some foundations both raise the money and make the decisions on specific projects that the money will support. No one model will work in all communities. Those individuals who develop the foundation will need to look at their own unique situation before determining where the decision making responsibilities will rest.

The board should decide what types of funds and support the group will look for and accept. The types of donations that foundations solicit are varied and depend on the goals of the organization. They fall into two basic groups: Non-restricted funds and restricted funds. With the receipt of non-restricted funds, boards are able to make decisions about their use. Sometimes donors put restrictions on the use of their donation by which boards must abide. Among the more prominent sources for funds are large corporations interested in honoring someone, recognizing someone's special achievement, or in promoting a special research project. Memorial funds are often established to honor individuals. Many times, monetary donations may be arranged to accommodate deferred gift payments. It is also possible for foundations to accept real and personal property as well as contributed services.

It is also important that the board of directors determine the basic campaign strategies to be used in fund-raising. Fund raising experts recommend that the board test its campaign plans since the success of the campaign depends on the community's financial support. The plan may be tested through a feasibility study on a sample group. The study will answer basic questions crucial to the plan, such as: Is the campaign worth the effort? Will people contribute in the name of an honoree? And will the plan meet its goal? Such a study also has the potential for enlisting key supporters who will feel a sense of ownership because of their early involvement. In addition, it will serve to form a network of knowledgeable persons who can assist in the development of a list of major gift prospects.

The school system should not be expected or permitted allocate any funds or materials to the foundation. However, school personnel may provide hands-on assistance. Many school systems include at least one administrative staff member on the board of directors. School systems are advised to consider seriously the allocation of administrative time in this type of fund raising program. Work on the education foundation must be viewed equally when compared with all other administrative tasks.

The schools must do more than request and expect extra funding from the foundation. They must promote and support the foundation in its operation and fund raising. The superintendent must be available to present a good case for the foundation, explaining how few resources are available to schools, and conveying the possibilities of the benifits that may accrue to students from the revenue of a local education foundation. The superintendent can motivate others in this quest by focusing on the strenghs of the school system. If the superintendent can show how the proposed programs will serve students, and through them, the local community, greater interest can be generated.

APPROACHING DONORS

Since the foundation board of directors is involved in building a broader constituency for the schools, each member must be well-informed in regards to facts about the foundation. They should become familiar with the needs of the schools. Speaking with conviction, they should be able to interpret them to other members of the community.

To be a successful fund raiser, one should display enthusiasm, courage, patience, and persistence. Enthusiasm helps convince prospective donors that the opportunity is worthwhile to them. One always needs courage whenever asking

for a major financial commitment. Patience is desirable because almost all large investments require prolonged negotiations and consulations. Donors can change their minds and a persistent individual can help redirect this change.

Before approaching donors, it is critical that a foundation do its homework. You should be able to judge the prospect's attitude toward the proposal. If you can anticipate the way a prospective donor will react to your proposal, you can individualize the message to get the kind of response you want. You will also know which characteristics of your school system to stress in the appeal.

Foundations should try to avoid situations in which excuses for not giving arise. Through prior planning, a foundation can eliminate the reasons for such excuses before they occur. Because giving is critical to the success of the foundation, it is crucial to have an understanding of the factors which influence voluntary support.

Consider strategies which have already proven successful when planning to approach donors. Personal contact is the most effective way to positively influence a person's acceptance of the proposal. Only talk with a prospect you know on a first name basis. The best person to call on a prospective donor is a board member who has rapport with the person and to whom the prospect feels an obligation to talk. Call on the most

important prospects first. A leadership gift from a top prospect will motivate the prospect's peers. Benjamin Franklin, who was one of the nation's first successful fund raisers, approached his most likely donors first and the least likely last.

Cultivate prospective donors carefully. Decide in advance exactly how to approach the prospect. Consider the amount a donor is capable of giving and the reasons why the prospect should be interested in listening to you. Try to structure the approach to present a picture of partners working for a common good. Appeal to the donor's vulnerable areas. This is the time to describe to the donor the incentives for donating. Different incentives appeal to different donors. Remind the donor that the gift is tax-deductible. Present the option of graduated payment plans. Emphasize membership in a group for givers of a specified amount.

Before committing to major gifts, potential donors must have confidence in the school program and its leadership. Be well-armed with background material. Present the program with specifics using flip charts and other visuals. Board members should remember to strongly demonstrate the commonalities and benefits which can exist between the school system and the corporation or individual. At the same time potential donors need to be involved in a vision of the gift's worth. Remind

the potential donor that the gift will be used for something both lasting and of high quality. Arouse the donor's interest by showing how the gift will benefit the donor, the donor's family, or the donor's company. Always respectfully ask the prospect to consider a specific gift or gift range. In the words of John D. Rockefeller, Jr. at a talk delivered to the Citizens Family Welfare Committee of New York in 1933:

> Never think you need to apologize for asking someone to give to a worthy object, any more than as though you were giving him an opportunity to participate in a high-grade investment. The duty of giving is as much his as is the duty of asking yours (Rockefeller, 1984).

Put yourself in the prospect's position and anticipate the questions most likely to arise. Remember that what we say is not always what the donor hears. Some of the more common questions donors ask include: What percentage of the funds are invested in stocks or bonds? and What are the system's policies on spending funds raised? It is recommended that foundations put the answers to questions such as these in a printed brochure.

If a prospect should fail to give, a note should be sent thanking the corporation or individual for the consideration. If the prospect accepts the proposal, make sure they are invited to participate in the project to the extent

appropriate. Provide the donor with progress reports. Credit the donor publicly in some desirable manner. And continue to work at maintaining a relationship built on trust.

BENEFITS OF THE LOCAL EDUCATION FOUNDATION

The success of the local education foundation can contribute more than financial support to the schools. Working to build an education foundation improves communication between the school and the community. Along with improved communication comes increased community confidence in the schools, a change of attitudes about the schools, and increased public involvement and support in the schools. The education foundation creates a partnership between the community and the educators in which both can work for school improvement.

Constituents in the community grow more excited as they feel a greater ownership in the schools. As the community raises money to stabilize and expand the school financial base, they can see the direct results of their contributions.

Educators benefit from the formation of a local education foundation. As projects are planned and implemented, staff morale improves. Improved staff morale leads to a higher quality of education which contributes to a more positive school image as seen by the public.

Students also profit from the establishment of a local education foundation. Through role models in the community, students become aware of the importance of accepting personal responsibility and of being good citizens. Students become exposed to a system of loyalty and faith in the public schools which should have a long lasting effect on them.

There are those proponents of the education foundation who believe that the future of American education depends on its ability to attract private support. Our public school tradition historically has not welcomed the idea of marketing the education "product". The public has been given very little information about what goes on in schools, about the educational curriculum, or even the goals of our system. Educators must become involved in conveying to the public that American education is a success. Educators must help the public be assured that quality education is taking place and that the the local education foundation is a good investment.

PROBLEMS OF THE LOCAL EDUCATION FOUNDATION

Education foundations are not without their critics. Of the many concerns that have been identified, the most common are: Weak administration, lack of goal consensus, opposition to the concept of public schools receiving private support, difficulty in maintaining support from the community over an

extended period of time, lack of volunteers, and the increased burden of paperwork and time for school staffs. For a foundation to be successful, it must get off to a good start. For this to happen, its members must devote the time and energy necessary to develop the foundation. If the initial planning and preparation are not thorough, the foundation risks the chance of being unsuccessful.

The foundation will be more readily endorsed if projects and expenditures are directly tied to students and academic achievement. Clearly stated goals are essential to success in a foundation. To avoid being viewed as a threat to the school board, the foundation must work hard at maintaining a harmonious relationship with the school board.

School board approval of all foundation projects and expenditures is a good check and balance measure. Careful accounting and auditing procedures should be followed. Good communication should be maintained within the organization , with the school board, and the public at all times.

Some critcs of foundations are concerned with the concept of equality in education. These critics claim that school districts with wealthy citizens or large businesses will be able to raise money easily. In effect, the success of some foundations could perpetuate the large spending gap that exists between rich and poor school districts. Other critics question

whether this alternative means of revenue will really solve any of the basic problems that school systems face. These critics feel that foundations are beneficial in reaching short range goals, but cannot attempt to alleviate long lasting problems.

The local education foundation is a concept that has been tried. It may have merit for your school or school system. It is worth investigating for the future success of your education system.

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